

7-11-74

Funds Laundered

By Bob Woodward and Carl Bernstein
Washington Post Staff Writers

Charles G. (Bebe) Rebozo used four bank trust accounts in his lawyer's name to funnel more than \$50,000—including presidential campaign funds—which paid previously undisclosed personal expenses of President and Mrs. Nixon, according to a staff report of the Senate select Watergate committee.

The report, issued yesterday, alleges that \$4,562.38 originally derived from Nixon campaign contributions was used to pay for a set of diamond-studded platinum earrings given to Mrs. Nixon by the President for her birthday in 1972. The use of campaign contributions to pay for personal expenses is potentially illegal in several ways.

Rebozo has conceded that \$4,562.38 of the \$5,000 represented 1968 Nixon campaign funds, according to the Senate report, but maintains the transaction was a proper reimbursement to him for money he spent during the campaign. He has declined, however, to list those expenses or provide supporting records.

According to the Senate report, a complex series of four money-laundering transactions—involving transfers of funds among three accounts at two Miami banks on a single day, June 28, 1972—"concealed the fact that the funds (for the earrings) originated from contributions to the 1968 campaign and were ultimately used by Rebozo on behalf of President Nixon."

The report also asserts that Rebozo used a similar scheme—involving a different combination of three trust accounts in the name of Rebozo's lawyer, Thomas H. Wakefield—to deposit at least \$20,000 in \$100 bills, plus other funds, that in turn paid for improvements at President Nixon's properties in Key Biscayne, Fla.

Included were the conversion of a garage into living quarters, payment for a swimming pool and accessories, construction of a fireplace, a putting green, a billiard table, and an architectural model at a total cost of \$45,621.15.

The Senate committee's 350-page staff report concludes that records and testimony taken by the committee indicate the only cash funds available to Rebozo during the period in question were cash campaign contributions of \$100,000 made by billionaire Howard Hughes and \$50,000 made by Florida supermarket executive A. D. Davis.

See MONEY, A16, Col. 1

MONEY, From A1

On that basis, the report hypothesizes that those cash contributions probably were used for the \$45,000 in improvements to Mr. Nixon's Florida properties.

The only record of reimbursement made to Rebozo by the President was one \$13,642.52 check, according to the report. "At the time of issue of this check in August, 1973," it notes, Rebozo had returned \$100,000 to Hughes, was under active investigation by the Internal Revenue Service and the indicating interest in the staff of the committee was Hughes contribution."

After noting that Rebozo has defied committee subpoenas dating back to October, 1972, the report states that Rebozo went to Europe last month when asked to come before the committee to respond to specific allegations that he used campaign contributions to pay for the first family's personal expenses.

Rebozo's lawyer, Wakefield, invoked attorney-client privilege on many issues involved in the investigation of the four trust accounts, according to the staff report. But Wakefield did estimate that deposits through the two trust accounts in Rebozo's own bank alone totaled about \$200,000.

In a letter to the Senate committee dated June 20, White House lawyer James D. St. Clair told the committee that President Nixon never instructed C. G. Rebozo to raise and maintain

funds to be expended on the President's personal behalf, nor, so far as he knows, was this ever done."

St. Clair described the committee's 16-page letter of June 6 to Mr. Nixon, which outlined the evidence in question, as "so uninformative and obscure that intelligent comment is not possible." St. Clair also complained to the committee of what he called "the many wholly unjustified innuendoes and inferences stated or suggested by the material in your letter and the misleading manner in which they are arranged."

Neither Rebozo nor a spokesman for him could be reached for comment yesterday on the contents of the Senate committee report. The White House declined to issue any immediate response.

The \$4,562.38 used to pay for Mrs. Nixon's earrings, according to the report, was left over from Mr. Nixon's 1968 presidential campaign and remained in a bank account held by Rebozo's lawyer, Thomas Wakefield, for three years before being transferred out.

Acting on Rebozo's direction, the report alleges, Wakefield transferred \$5,000 from one account to another on June 28, 1972, at the Key Biscayne Bank headed by Rebozo. Then, later that day, Wakefield withdrew the \$5,000 from Rebozo's bank, deposited it in another account at the First National Bank of Miami and withdrew it again in the form of a \$5,000 cashier's check.

After the \$5,000 cashier's check was received by Wakefield, the Senate report states, it was sent on the same day to pay for the bulk of the \$5,650 purchase price of the earrings for Mrs. Nixon from New York jeweler Harry Winston. The platinum earrings are studded with 20 diamonds, according to the Senate report.

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In sworn testimony to the Senate committee this year Rebozo was asked if he had been reimbursed for bills paid by him for Mrs. Nixon's properties. Rebozo responded, according to the report, by saying:

"Yes, I say, usually I'm not going to nitpick with the President. If there's something I think he should have, I might just go ahead and do it without even him knowing about it. He just doesn't concern himself at all with financial problems ever; never has."

Nonetheless, the staff report asserts that the President was aware of some of the improvements to his properties paid for by Rebozo and on at least one occasion personally met with the contractor.

The accounting firm of

Coopers and Lybrand, which conducted an audit of the President's finances at Mr. Nixon's request, last year and the President's personal accountant, Arthur Blech, were not informed of any liabilities involved in the improvements, according to the Senate staff report.

Specifically, the Coopers and Lybrand report reflected no liability payable to Rebozo, although two months after the audit report was issued, the President's check for \$13,642.52 was given to Rebozo as reimbursement for the swimming pool.

The Senate report also notes that Rebozo "did not file a United States Gift Tax Return for calendar years 1969, 1970, 1971 or 1972 as required by the Internal Revenue Code." According to law a return should be filed for any gift of \$3,000 or more.

In discussing the expenditures for the improvements to Mr. Nixon's properties, the report says: "Rebozo has the authority to draw against the President's account at the Key Biscayne Bank . . . Although he has regularly used this procedure, he did not do so for these transactions."

In addition, the report says: "Substantial payments (at least \$5,065.28) furnished by Rebozo on behalf of President Nixon were made in cash and when Rebozo paid the same companies for work done for his own benefit, he paid by check."

The committee was able to learn of Rebozo's expenditures on behalf of the President by subpoenaing a



CHARLES G. REBOZO
... tax interview delayed

sample of businesses in the Miami area and obtaining records of any dealings with Mr. Nixon or Rebozo. Accordingly, the report says that "the committee has obviously not been able to identify conclusively all the payments made by Rebozo as the pertinent records desired from Rebozo and his Key Biscayne Bank & Trust Company have never been produced and Rebozo had refused to comply with subpoenas . . ."

Surplus of Beef Strikes Europe

BRUSSELS, July 10 (AP) European governments are buying some 5,000 tons of surplus beef a week to help out farmers, and the cost this year may reach about \$480 million, a spokesman for the Common Market executive commission said today.